

DECEMBER 3, 2007

MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURTIN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOISRacing Speed Associates, L.L.C. d/b/a ASA  
Racing,

Plaintiff,

v.

Louis R. Varney, Jr. and ASA Late Model  
Series, L.L.C.,

Defendants.

Civil Action No.

JURY TRIAL DEMANDED

JUDGE KENNELLY  
MAGISTRATE JUDGE SCHENKIER

07 C 6785

**COMPLAINT**

Plaintiff, Racing Speed Associates, L.L.C. d/b/a ASA Racing ("RSA"), by its attorneys, Niro Scavone Haller & Niro brings this action against defendants Louis R. Varney, Jr. ("Varney") and ASA Late Model Series, L.L.C. ("ASA LMS"), alleging as follows:

**NATURE OF THE SUIT**

1. This action based on the Declaratory Judgment Act 28 U.S.C. §§ 2201 and 2202. By this action, RSA seeks a declaratory judgment of invalidity of United States Trademark Registration No. 3,035,680 based on false information provided by defendant Varney in connection with United States Trademark Registration application Serial No.78533768.

**THE PARTIES**

2. Plaintiff Racing Speed Associates, L.L.C. d/b/a ASA Racing is a limited liability company organized and existing under the laws of the State of Delaware and having its principal place of business at 457 South Ridgewood Ave., Suite 101, Daytona Beach, FL 32114. RSA is a sanctioning body of motorsports which sanctions nearly 600 events annually, throughout the United States and including Northern Illinois.

3. Defendant ASA Late Model Series, L.L.C., is a limited liability company organized and existing under the laws of the State of Indiana which maintains the following business addresses: 7360 Elm Road, Lexington, MI 48450; 8424 N. 000 Road, Decatur, IN 46733. ASA LMS is a regional touring American stock car racing series which is conducted at various race tracks throughout the United States including Northern Illinois.

4. On information and belief, Defendant Louis R. Varney Jr. is the sole member and manager of ASA Late Model Series, L.L.C., conducts business from and maintains the following address: 7360 Elm Road, Lexington, MI 48450.

#### **JURISDICTION AND VENUE**

5. This declaratory judgment action, brought pursuant to 28 U.S.C. §§ 2201 and 2022, arises under the Trademark laws of the United States, Title 15 of the United States Code.

6. This court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

7. The court has personal jurisdiction over the defendants and Venue is proper in the Northern District of Illinois under 28 U.S.C. §§ 1391(b).

#### **STATEMENT OF FACTS**

8. Between 2003 and 2007, American Speed Associates, LLC. ("ASA LC"), through its sole Member/Manager, Stephan Dale was the exclusive owner of all rights, title and interests in the American Speed Association name, logo, and trademarks, including: ASA, American Speed Association, ASA Racing, ASA Late Model Series, ASA Late Model Racing, ASA Member Track, ASA Regional Tour, ASA Tri-State Racing, ASA Speed Truck Challenge (referred to as "ASA family of marks"). For over 38 years, this family of marks was owned and controlled by ASA, LLC and its predecessors-in-interest.

9. On or about December 12, 2003, American Speed Association, L.L.C ("ASA"), an Indiana limited liability company, entered into an agreement ("Operating Agreement") with Louis R. Varney Jr. and ASA Late Model Series, L.L.C, for the formation of ASA Late Model Series, L.L.C. ("ASA LMS"). The Operating Agreement established American Speed Association, L.L.C. and Varney as the only members of ASA LMC and defined their respective ownership rights as 70/30.

10. On the same date, ASA also entered into a Trademark License Agreement ("Trademark Agreement") with Louis R. Varney Jr. and ASA LMS. Under the terms of Trademark Agreement, ownership of the trademark "ASA Late Model Series" was specifically retained by ASA.

11. On November 15, 2004, ASA and Varney, as the only members of ASA LMS, entered into an agreement amending the Operating Agreement ("Amendment Agreement") in which Steven Dale sold Varney all of its 70 member unit/shares in ASA LMS. As a result of the Amendment Agreement, Varney became the sole member and manager of ASA LMS.

12. The Amendment Agreement states:

This amendment and agreement includes all rights and use of the trademark agreement between American Speed Association, L.L.C. and ASA Late Model Series, L.L.C., for the use of the ASA Late Model Series Trademark only, which is granted to Louis R. Varney, Jr. Trademark rights will be returned to American Speed Association LLC upon dissolution of the ASA Late Model Series LLC. American Speed Association, LLC agrees to cooperate fully to effect the assignment and transfer of such trademark to comply with the laws of the State of Indiana including state form number 48258 assignment of trademark/service mark (emphasis added).

13. Under the express terms of the Amendment Agreement, Varney merely acquired all rights and use of the Trademark Agreement, which was specifically limited to only the use of the ASA Late Model Series trademarks.

14. Under the terms of the Amendment Agreement, ASA retained reversionary rights to the ASA LMS trademark. ASA also reserved the right to use the mark itself in competition with Varney after two years and retained exclusive rights to the use of all remaining trademarks associated with the ASA family of marks.

15. On December 12, 2004, Varney, in his individual capacity, filed an application for trademark registration with the United States Patent and Trademark Office ("USPTO") seeking to register the ASA Late Model Series mark under his name, as owner.

16. Varney's application for trademark registration Serial No.78533768 falsely represented that he was the owner the ASA Late Model Series mark.

17. As part of the application for trademark registration Serial No. 78533768, Varney also made the following declaration:

The undersigned, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration, declares that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when use on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.

18. On December 27, 2005, the USPTO approved Varney's trademark application for trademark registration of the ASA Late Model Series mark (Exhibit 1).

19. On or about September 14, 2007. RSA acquired all right, title and interest in the trademark American Speed Association® and the family of ASA names, logos, and trademarks,

including all of rights involving ASA LMS and/or Varney ("RSA Agreement"), and including all rights in connection with the ASA Late Model Services trademark.

20. Initially, RSA recognized the defendants' rights of use under the various agreements previously entered into between the defendants and ASA and it encouraged the continued use of the ASA Late Model Series trademark by ASA LMS.

21. On July 19, 2007, RSA filed an application for trademark registration of the mark "ASA Racing" with the USPTO, Serial No. 77233764.

22. On October 24, 2007, the USPTO filed an office action refusing registration of the "ASA Racing" mark based on the likelihood of confusion with U.S. trademark "ASA Late Model Series," U.S. Registration No.3,035,680, filed by Varney (Exhibit 2).

23. After RSA's USPTO registration application was refused, it first became aware that the actions of ASA LMS and Varney had violated the limited grant of use of the ASA Late Model Series mark permitted by the Operating Agreement, License Agreement and Amendment Agreement.

24. RSA also became aware that ASA LMS and Varney had begun a campaign of harassment, threats and misinformation related to Varney's rights in the ASA Late Model Series mark, by among other things sending e-mails to race track owners and race teams to the detriment of RSA. Specifically, Varney and ASA LMS advised various race track officials that "further legal actions will follow until the whole ASA name has been cleared up."

25. By improperly registering the ASA Late Model Series mark with the USPTO and by continuing to provide misinformation regarding ownership of the ASA Late Model Series mark to the public and by threatening legal action to enforce those rights, the defendants are

wrongfully asserting ownership over the ASA Late Model Series trademark and seeking to expand their rights under the License and Amendment Agreements to the detriment of RSA.

26. In February 2006, counsel for RSA sent correspondence to counsel for the defendants advising the defendants that the Amendment Agreement entered into by the parties did not grant title to the ASA Late Model Series trademark in either Varney or ASA LMS. The correspondence further advised that the Amendment Agreement merely granted ASA LMS a limited right to the use of the ASA Late Model Series trademark (Exhibit 3).

27. To date, the defendants continue to act in violation of the Amendment Agreement; such actions constitute a breach of the agreement and a misuse of the mark.

**COUNT I**  
**Declaratory Judgment seeking Cancellation**

28. RSA realleges and incorporates by reference the allegations in the above paragraphs as though fully set forth herein.

29. A continuing controversy exists because the actions of ASA LMS and Varney are in violation of the Agreements entered into by the parties and such actions constitute a misuse of the ASA LMS mark.

30. In September 2007, RSA acquired exclusive ownership of all of rights in the ASA family of marks.

31. Varney falsely represented himself to the U.S. Patent and Trademark Office as the owner of the ASA Late Model Series mark in his application for trademark registration with the USPTO.

32. In December 2005, based on the false information provided by Varney, the USPTO granted Varney's application for registration of the ASA Racing Late Model Series trademark.

33. Varney is not the owner of the ASA LMS mark, nor was he the owner of the mark at the time he filed the application for registration.

34. Varney had no right to register the ASA Late Model Series mark with the USPTO.

35. Varney's application for trademark registration, Serial No. 77233764, failed to comply with the requirements of trademark registration as defined by 15 U.S.C. § 1051.

36. For the foregoing reasons, Louis Varney's trademark should be declared invalid.

#### **PRAYER FOR RELIEF**

WHEREFORE, RSA respectfully requests that the Court:

A. Enter judgment in favor of RSA and against defendants according the declaratory relief sought;

B. Declare U.S. trademark registration No. 3,035,680 invalid for failure to comply with the registration requirements under 15 U.S.C. 1051;

C. Order cancellation of U.S. trademark registration No. 3,035,680 pursuant to 15 U.S.C. 1119;

D. Declare that RSA the rightful owner of the ASA Late Model Series trademark;

E. Declare that the defendants have no ownership rights in the ASA Late Model Series mark;

F. Preliminarily and permanently enjoin defendants from further use of the ASA Late Model Series trademark;

G. Award RSA its costs and expenses associated with this civil action together with reasonable attorneys' fees;

H. Award any other relief to which RSA is entitled as a matter of law or equity or which the Court determines to be just and proper under the circumstances.

**JURY DEMAND**

Pursuant to Federal Rule of Civil Procedure 38, plaintiff RSA demands a jury as to all issues so triable.

RACING SPEED ASSOCIATES, LLC  
d/b/a ASA RACING

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